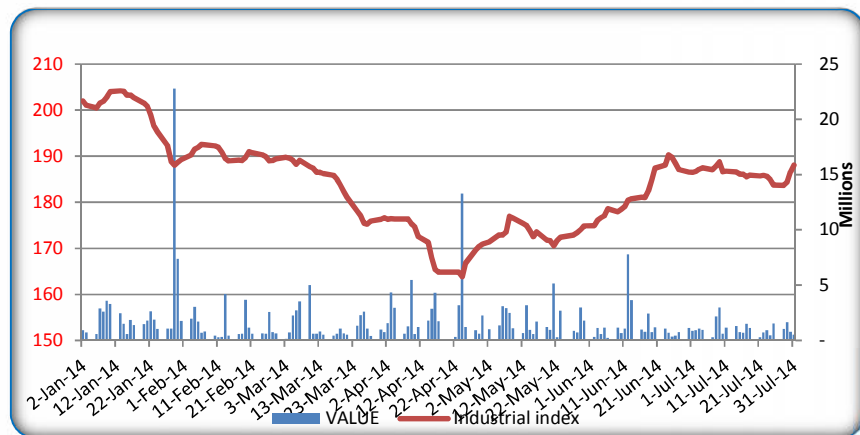
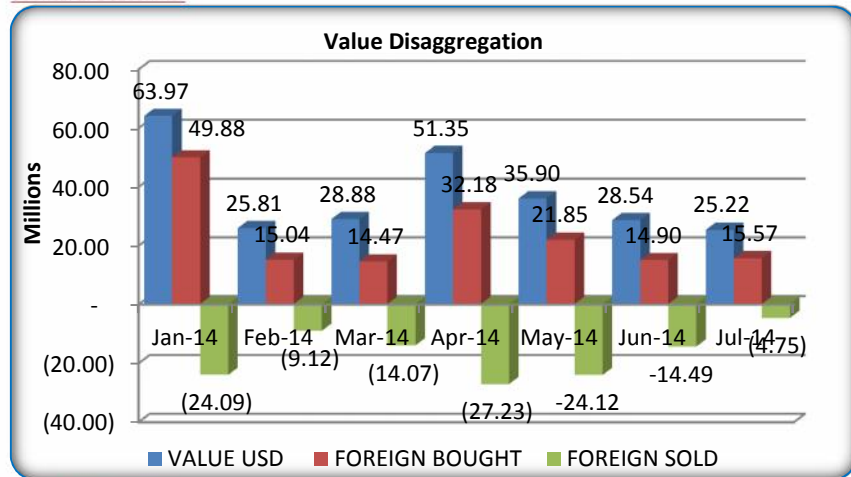


INDEX	30-Jun-14	30-Jul-14	Jul % Mvt	YTD % Mvt
Industrial index	186.56	188.08	1%	-7%
Mining index	61.32	83.27	36%	82%

SOURCE: EFE SECURITIES/ZSE



SOURCE: EFE SECURITIES

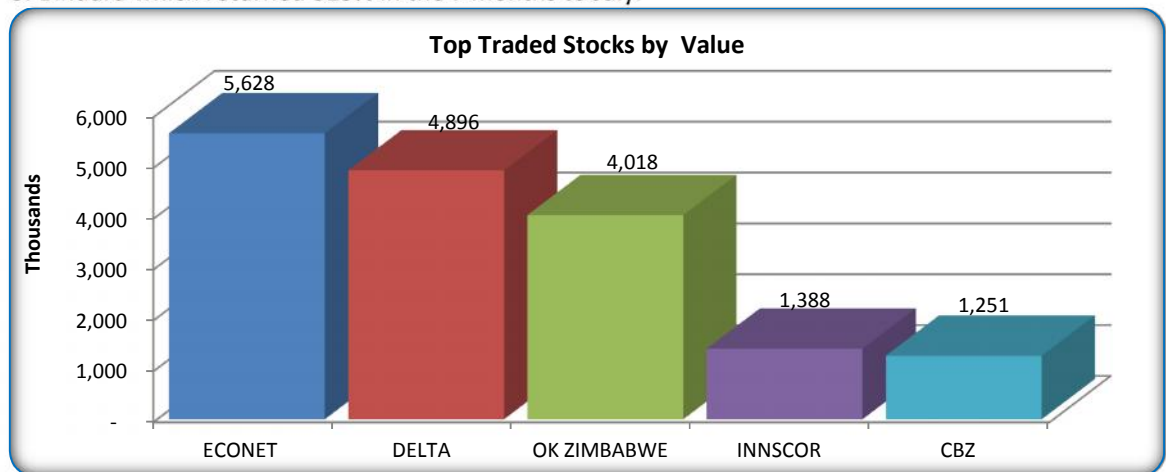


SOURCE: EFE SECURITIES

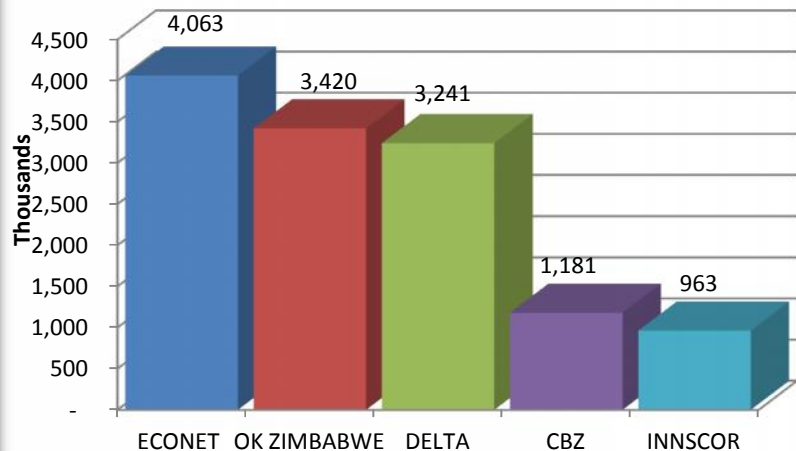
### Equities in best monthly return year to date as first half closes ...

The month of July fared almost flat achieving a month on month return of just 1% driven by sector wide demand in the late stages of the month. The market drew energy from a reported possible bailout package from China a factor which may prop up the fundamental aspects of the local bourse. The RBZ's reported increase of 13% in broad money supply to \$4.32b from \$3.48b in June of last year on the back of an increase in deposits and domestic credit were also welcome developments in the market and economy at large. The minimal downside in the month was an alleged worsening of non-performing loans from a 16% in December to about 25% according to the Bankers Association of Zimbabwe. However the Ministry of finance proffered a varying constrained figure of 18% as NPLs ratio in the same period.

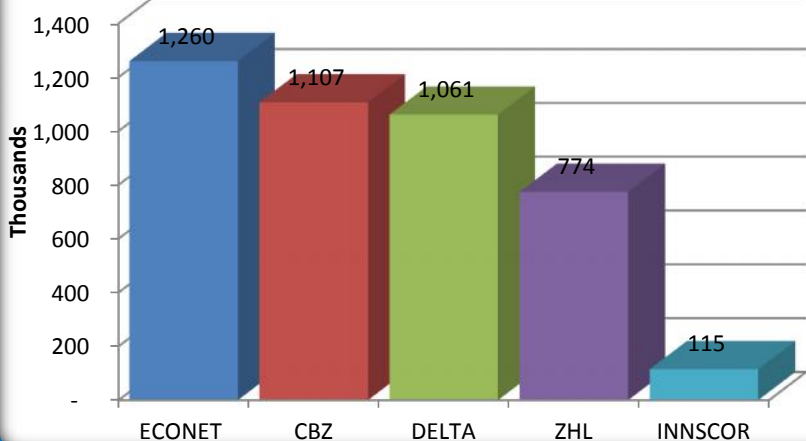
The Mining Index continued on a bullish trend amassing 36% in the month to 83.27 points to near 2 year highs. The gain was mainly driven by a renewed interest in mining stocks notably BNC whose turnaround story as well as financial performance for the just ended financial year impressed the market. Year to date the Mining Index is up +82.68% while year on year the index went up 42%. Interestingly 3 out of the 4 listed mining stocks are trailed their year opening level with the exception of Bindura which returned 325% in the 7 months to July.



Econet retained pole position in turnover contribution followed by fellow heavy cap Delta on respective contributions of 23% and 20%. Foreigners accounted for 75% of the total purchases in Econet while a fairer chunk of trades in Delta was also foreign attributable affirming foreign preference for the selected blue chip stocks. OK, Inncor and CBZ which are all heavies completed the purchases' topside.

**Foreign Bought**


SOURCE EFE SECURITIES

**Foreign Sold**


SOURCE EFE SECURITIES

**Value dips as foreign spend comes off...**

Month on month turnover dipped -12% to \$25.22m while lurching -42% lower year-on-year. The monthly decline was against a dearth in local demand which as the liquidity crunch continues to worsen. Foreign inflows however went up 4% to \$15.57m on renewed foreign interest in blue chip stocks. Five of the top traded stocks by value were all heavy caps and were mainly purchased by foreigners who splurged 83% of their funds among those preferred counters. Aggregately foreigners accounted for 62% of turnover which is a 18.2% improvement on prior month while foreign portfolio disposals were minimal at -\$4.75m to record the least monthly outflows year to date

Top Gainers	30-Jun-14	30-Jul-14	Jun % Mvt	YTD % Mvt
STAR AFRICA	0.80	2.30	187.50	130.00
FALGOLD	1.50	3.30	120.00	34.00
TA	8.00	16.02	100.25	162.62
BINDURA	4.80	8.50	77.08	325.00
ZBFH	4.00	7.00	75.00	36.94
MASIMBA	1.71	2.35	37.43	63.85
NMBZ	4.50	6.00	33.33	7.69
ZPI	0.85	1.10	29.41	15.38
HUNYANI	2.00	2.50	25.00	25.00
MEDTECH	0.04	0.05	25.00	28.57

**Mid Tier stocks and miners lead rally...**

The market enjoyed continued buoyancy in the month under review as all stocks to gain managed to register double digit growths while three more than doubled in value. News of an expect restart of sugar refinery operations at Star Africa's Harare refinery saw the group top the monthly gainers after rallying +187.5% and closing the week at a price of 2.3c. Likewise Falgold's plans to dispose of the assets along with liabilities of Dalny Mine saw the gold miner surge +120% to 3.3c. Investment holding company TA also rallied +100.25% to 16.02c following notice of a proposed minorities buyout by current major shareholders Masawara that is expected to be done at buyout price of 20.6c. Bindura sustained the momentum from the prior month with a gain of 77.08% as investors sought exposure to nickel refiner that successful turned around operations after restarting mining operations that had largely been under care and maintenance since 2008. ZBFH, Masimba and NMBZ were amongst the other gainers of note after adding +75%, +37.43% and +33.3% over the month under review to see their prices settle at 7c, 2.35c and 6c respectively.

Top Shakers	30-Jun-14	31-Jul-14	Jul % Mvt	YTD % Mvt
RADAR	8.00	2.00	75.00	75.00
PIONEER	5.00	3.00	40.00	0.00
NTS	2.70	1.70	37.04	32.00
HWANGE	7.50	4.80	36.00	75.00
ZIMFLOW	12.50	8.00	36.00	128.57
ARISTON	0.70	0.50	28.57	50.00
CAFCA	30.00	22.50	25.00	19.64
G/BELTINGS	0.05	0.04	20.00	50.00
MEIKLES	19.99	16.50	17.46	13.16
HIPPO	75.00	62.00	17.33	31.13

There were however other stocks to trade softer in the month under review led by the highly illiquid stocks Radar that closed the month trading at 2c after an unprecedented 75% fall. Transport group Pioneer also tumbled -40% to 3c to follow as operations continue to be affected by the challenging economic environment. Hwange and Zimflow were in identical -36% dips to 4.8c and 8c respectively as their prices continue to lose traction in the face of declining operations.

#### *Comment and Outlook*

Two successive months of hefty gains on the bourse have brought a lot to cheer but we believe that a slowing down should be expected in the ensuing month as profit taking sets in. The selective distribution of the gains however may provide the market with a leeway as gains from the laggards to rally may suffice to minimise the severity of the losses arising from profit taking on the overall market performance. Trading interest however is likely to continue to be confined to the usual momentum stocks perceived to have sustainable fundamentals while a selected few stocks whose turnarounds of operations like Bindura and Star Africa may also carry the day. Despite the gains in recent months we believe that the ZSE still carries some attractive stocks with some cheap valuations that should continue to auger the allure of the local bourse.

Analysts	Contacts
Respect Gwenzi	<a href="mailto:respectg@efesecurities.co.zw">respectg@efesecurities.co.zw</a>
Phenias Mandaza	<a href="mailto:pheniasm@efesecurities.co.zw">pheniasm@efesecurities.co.zw</a>



This document has been prepared by EFE Securities (Private) Limited (EFE), for the information of its clients. Although the statements of fact in this report have been obtained from sources that the company believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions and estimates included in this report constitute the company's judgment as of the date of this report and are subject to change without notice. The securities discussed and mentioned in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors they believe necessary. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. EFE and any of the individuals preparing this report may at any time have a long and/or short position in any securities of companies in this report. In addition EFE may from time to time perform investment banking or other services for, or solicit investment banking or other business from any entity mentioned in this report. May at times buy and sell shares on an agency or principal basis to its clients. Shares may rise or fall and investors may end up with a reduced amount from their initial capital invested. Additional information on recommended securities is available on request.